

Chapter SEC 32

EXEMPTION AND REGISTRATION OF FRANCHISES

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History: Emergency rules covering general subject matter were adopted effective July 1, 1972.

SEC 32.01 Requirement for exemption of franchises. Franchisors desiring to offer to sell or sell their franchises in this state pursuant to the exemption provided by s. 553.22, Stats., shall, at least 10 days prior to making an offer to sell or a sale in this state:

(1) Advise the commissioner of their plans to offer to sell or to sell franchises in this state;

(2) Include in the advice a showing of qualifications under s. 553.22 (1) and (2), Stats., and s. SEC 31.01 (1) and (4), respectively;

(3) File with the commissioner a copy of either an offering circular prepared in the form required by s. SEC 32.06, or a disclosure document prepared in the form required by 16 CFR Part 436, the federal trade commission's disclosure requirements and prohibitions concerning franchising and business opportunity ventures, together with a consent to service of process as required by s. 553.22 (4), Stats.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; am. Register, December, 1980, No. 300, eff. 1-1-81; am. (3), Register, December, 1981, No. 312, eff. 1-1-82.

SEC 32.02 Periodic reports required for exempt franchisors. Franchisors, or their agents, or representatives offering to sell or selling franchises in this state under s. 553.22, Stats., shall file with the commissioner within a period of 120 days from the last date of each of their fiscal years a copy of their current offering circular prepared in the form required by s. SEC 32.06, or disclosure document prepared in the form required by 16 CFR Part 436, the Federal Trade Commission's disclosure requirements and prohibitions concerning franchising and business opportunity ventures. All periodic reports shall be signed by an officer or general partner of the franchisor in the manner prescribed by s. SEC 32.11.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.03 and am. (1) and r. (2), Register, December, 1980, No. 300, eff. 1-1-81; am. Register, December, 1982, No. 324, eff. 1-1-83.

SEC 32.03 Material events or material changes affecting exempted franchisors and their franchises. Franchisors whose franchises are exempted under ss. 553.22, 553.23 or 553.25, Stats., shall be required, as a condition of maintenance of the exemption after confirmation thereof as required by s. SEC 32.01, to notify the commissioner in writing within 30

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days after the happening of any material event or material change within the meaning of s. SEC 31.01 (3), affecting the exempted franchises or the franchisor.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.04 and am., Register, December, 1980, No. 300, eff. 1-1-81.

SEC 32.04 Exemption information filings. If any information is reasonably required by the commissioner to establish an exemption under ss. 553.22, 553.23 or 553.25, Stats., and the request is communicated by the commissioner to the applicant or interested person in any form within 10 days of the date of receipt by the commissioner of the application, the effective date of the exemption will not commence until the information so required is received by the commissioner and a reasonable period of time, not to exceed 10 days thereafter, shall have expired, unless a shorter period of time is permitted by the commissioner.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.04 and am., Register, December, 1980, No. 300, eff. 1-1-81.

SEC 32.05 Exemptions by the commissioner. (1) The following transactions, in addition to those transactions exempted under s. SEC 32.01, shall, pursuant to s. 553.25, Stats., be exempted from s. 553.21, Stats.:

(a) Any offer to sell or sale by a governmental entity of a franchise for cable telecommunications rights except offers to sell and sales of such franchises where:

1. The franchisee of a governmental entity offering or selling such rights sells or offers rights to participate in such a business or a prospective business of a cable telecommunications nature; or

2. A franchisee or prospective franchisee of a governmental entity advertises, offers to sell or sells an interest in such franchise or prospective franchise which may consist of, but not be limited to, access to the use of existing facilities, rights granted by the governmental entity, or rights or facilities to be acquired.

(b) Any offer to sell or sale of a franchise which includes payment by a person for the right to participate in a distribution or marketing plan where such payment, computed on an annual basis, does not exceed \$100 in excess of the bona fide wholesale price for such product or service in wholesale transactions.

(c) Any offer to sell or sale of an interest in a franchise by a person, whether or not a franchisor, a franchisee, a subfranchisor or a subfranchisee, to any person.

(2) Unless otherwise specified, nothing in this rule shall prevent the commissioner from exercising his authority under s. 553.28 (1) (a), (b), (c), (e), (f) or (h), Stats.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.06, Register, December, 1980, No. 300, eff. 1-1-81; am. (1) (Intro.), Register, December, 1981, No. 312, eff. 1-1-82; am. (1) (a) and (2), Register, December, 1984, No. 348, eff. 1-1-85.

SEC 32.06 Form of application. (1) All applications for registration of an offer to sell or sale of a franchise, all registration renewal statements and all applications to amend the registration statement shall be